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SUBJECT: 2007 KITTY HAWK PORT CALL REFUSAL SHEDS LIGHT ON
PRC DECISION MAKING PROCESS

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Classified By: Classified by: Charge d'Affaires, a.i., Daniel Piccuta.
Reasons 1.4 (b/d).

SUMMARY

1. (C) The PRC's refusal of the USS Kitty Hawk port visit to Hong Kong for Thanksgiving in November 2007 was a last-minute decision by the Central Military Commission (CMC) made in anger over the November 9, 2007 announcement of further U.S. weapons sales to Taiwan, according to a majority of scholars with whom PolOff has spoken since the incident. The announcement of the weapons sale "totally destroyed the atmosphere created by Secretary Gates' visit" earlier that month and angered several CMC members, contacts say. Poor inter-ministry coordination, especially between military and civilian entities, almost certainly meant the CMC did not understand the importance of the planned Thanksgiving holiday family gatherings to the USS Kitty Hawk crew. The belated reversal of the decision was based on an MFA recommendation, and though handled quickly, also reflected poor inter-ministry coordination, catching the PLA by surprise. PLA pique at the arms sale, reversal of the PLA's port call refusal and subsequent USS Kitty Hawk Carrier Strike Group transit of the Taiwan Strait caused a PLA backlash that complicated the damage control process and led to the MFA's public denial of Foreign Minister Yang's claim to President Bush that the refusal had been a "misunderstanding." Many contacts believe the reversal of the port call refusal made PRC President Hu look weak, for which Hu reportedly was criticized. Despite the problems with China's handling of the USS Kitty Hawk Hong Kong port visit, most Chinese academics think PRC crisis management has improved in recent years. The Kitty Hawk refusal was handled better than other past incidents, such as the 2001 EP-3 collision, January 2007 ASAT test and 1998 bombing of the Chinese Embassy in Belgrade, contacts say. End Summary.

PORT CALL REFUSAL DRIVEN BY ANGER OVER WEAPONS SALE

2. (C) China's decision to refuse the November 2007 Kitty Hawk Carrier Strike Group (CSG) port visit to Hong Kong was driven by the Central Military Commission (CMC), according to Professor Zhu Feng (protect), Deputy Director of Beijing University School of International Studies, who is researching the decision as part of a larger study of PRC crisis management. The Kitty Hawk issue came before the CMC for decision at the inauspicious moment of CMC pique over U.S. arms sales to Taiwan in November, and became the de facto vehicle for reprisal, Zhu said. Zhu, who has conducted

"research and interviews" on the Kitty Hawk issue, told EmbOffs on January 30 that although CMC members had initially planned to approve the port visit, their anger over the Department of Defense's November 9 announcement of the possible sale of the Patriot upgrade to Taiwan, coming just three days after the Secretary of Defense's November 5-6 visit to Beijing, caused a CMC member to "slap the table" and recommend denial of the U.S. port visit request. Xue Chen (protect), a Research Fellow at the Shanghai Institute for International Studies (SIIS), told PolOff March 18 that the weapons sale announcement "totally destroyed the atmosphere created by Secretary Gates' visit" and angered several CMC members. Following an unknown amount of deliberation, the CMC made a consensus decision to refuse the visit, Zhu said. Although no contacts claimed to know which CMC member drove the initiative to refuse the visit, most scholars speculated it was probably not PLA Navy Commander Wu Shengli, since improved naval military-to-military relations is a special focus of his.

13. (C) Wu Xinbo (protect), Deputy Director of the Center for American Studies at Fudan University, was surprised to hear the PRC had never given the United States an official reason for the port visit refusal. "It was the arms sale," Wu told us March 18, asserting that it was a CMC decision and thus certainly was unrelated to the October 17, 2007 presentation of the U.S. Congressional Gold Medal to the Dalai Lama. (Note: PolOff could find only one reference in official Communist Party media about the cause of the refusal: The Herald Tribune, Associated Press and USA Today all cite an article in the Global Times, a newspaper run by the Communist Party's flagship People's Daily newspaper, which quotes an unidentified PLA Senior Colonel as saying the cause was the

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November weapons sales announcement.)

14. (C) While the PRC has denied ship visits in the past in order to make a political statement, this was the first time a refusal had been delivered with less than the stipulated five days notice. The Kitty Hawk CSG sailed toward Hong Kong in advance of an expected PRC approval and waited at the 12-mile mark outside Hong Kong Harbor for almost 20 hours before being informed by the PRC Ministry of Foreign Affairs (MFA) Commission in Hong Kong that the visit was refused. Xia Liping (protect), Director of the SIIS American Studies Department, told PolOffs on March 18 that the late decision to refuse the Kitty Hawk port visit was indicative of the time-consuming process needed for PRC decisions, which are consensus-driven. With the Taiwan arms sale announced only shortly before the Kitty Hawk visit, it was difficult to make a refusal decision in a more timely manner. "Routine decisions take a long time," Xia said, "and a refusal takes even longer." (Note: Then-CMC Vice Chairman and Minister of National Defense Cao Gangchuan as well as Chief of the General Staff Chen Bingde, also a CMC member, were on international travel during part of the week before the Kitty Hawk visit, perhaps further complicating the decision making process.)

15. (C) While it is clear the CMC made the decision to deny the visit request, Xia said, it is not clear if the recommendation came from the PLA General Staff Department (GSD), which would have added still more time to the decision-making process. The GSD sends its reports directly to the CMC, Xia said, with a courtesy copy to the Foreign Affairs Central Leading Group (FACLG), which is headed by President Hu Jintao, if the issue could impact relations with a foreign country, as would certainly have been the case with the Kitty Hawk port visit.

COMPARTMENTED DECISIONS: CMC UNAWARE OF THANKSGIVING

16. (C) SIIS's Xue Chen said the biggest problem with PRC decision making is the "complete lack of coordination

mechanisms" between ministries, "especially between the military and civilians." "That's one of the major reasons behind the Government's decision to create new 'super-Ministries'," Xue said. In accordance with a well-established procedure followed since 1997, the MFA controls the information flow at the ministry level and below for Hong Kong port visit requests. The PRC MFA Commission in Hong Kong receives a port visit request from the U.S. Consulate General in Hong Kong and then forwards the request to the MFA in Beijing for submission to senior leaders for decision. Responses follow the same channel back down. MFA and GSD reporting channels do not intersect below the FACLG, Xue observed, so inter-ministry coordination is very limited.

Xue said it is likely the MFA did not anticipate the CMC refusal and thus had not prepared their report to the senior leadership with an adequate explanation of the importance of Thanksgiving in U.S. culture. Scholars were not unanimous in their views about whether the MFA office in Beijing or Hong Kong was primarily to blame for poor information flow. "In any case, it is very unlikely the CMC knew anything about Thanksgiving," Xue said. (Note: The exact method and timing of PLA input into the decision-making process remains unclear.)

CHINA'S TIME-CONSUMING DECISION MAKING PROCESS

17. (C) Professor Niu Jun (protect), who teaches graduate-level PRC Foreign Policy Formulation at Beijing University, told PolOff that routine decisions like port visit requests are handled in the form of ministry reports that follow "very formalized regulations." Calling the process "very secret" and admitting that he was speculating, Niu said that each ministry is only allowed one consolidated opinion and that the three most relevant Vice Ministers must sign off on a report before going forward for the Minister's final, often pro forma, approval. Niu said he had heard of a case where an important decision was delayed for weeks simply because a specific Vice Minister was ill and unavailable to approve the report. Each approving official circles their name on the report to indicate their concurrence. The report is then forwarded to the secretary of the next higher office who prioritizes each report for action. "Secretaries can thus have quite a bit of power; they can slide a report to the bottom of the pile and keep it there," Niu stated.

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Actions requiring higher priority may follow a different path up the chain: routine decision reports are forwarded to the Central Committee General Office for senior leader action. More time-sensitive MFA issues are handled directly between the Foreign Minister and the State Councilor in charge of foreign affairs, "who can then talk directly to President Hu Jintao." Niu noted that since the Ministry of National Defense has no Vice Ministers, they must follow a different procedure, "probably submitting their opinions via the GSD's Foreign Affairs Department."

18. (C) Almost all the academics with whom we spoke agreed that the MFA was neither the final decision maker nor likely to have submitted a report recommending refusal of the port visit. Li Genxin (protect), Secretary General of the Chinese Institute for International Studies (CIIS) and a former MFA official, told PolOff, "there is no way the MFA stuck its neck out to block this visit." Saying it is not Foreign Minister Yang Jiechi's style to stand out like that, Li insisted that, "the MFA would not cause a problem that they knew they would be left having to fix." Putting things in broader perspective, Cheng Xiaohu (protect), Research Fellow in the Renmin University School of International Studies, said the decision was certainly made above the Minister level. "If anything abrupt happens in Chinese politics, you know it was a Politburo Standing Committee member action," Cheng averred.

19. (C) Two notable dissenting opinions, conveyed in two

separate meetings, came from Wu Baiyi (protect), Deputy Director for the Chinese Academy of Social Sciences, and Jin Canrong (protect), Renmin University Associate Dean. Admitting they had not given the issue much thought, each separately said that the MFA was probably empowered to make this decision on its own but was perhaps unable to achieve an intra-Ministry consensus in time due to bureaucratic problems. China Foundation for International and Strategic Studies Director Chen Zhiya (protect) held a slightly different view, saying that while the decision was likely made by someone on the CMC, it would not have necessitated a CMC consensus decision.

WHAT ABOUT USS GUARDIAN AND USS PATRIOT REFUSALS?

¶10. (C) Our sources generally agreed that the decision to refuse the minesweepers USS Guardian and USS Patriot access to Hong Kong, who had requested permission to visit Hong Kong so as to avoid an approaching storm, and which occurred at almost the same time as the Kitty Hawk CSG refusal, was likely another example of poor PRC decision making based on an overly compartmentalized vertical information flow. Officials in the PRC bureaucracy do not understand naval customs requiring that safe harbor be given to ships in such a situation, SIIS's Xue said, and given the poor PRC horizontal coordination channels, there were no checks in place to catch this kind of error. According to Xue, "When a CMC policy comes down that says 'refuse U.S. warships,' no one has the guts to question it." (Note: The November 19 request to the PRC MFA Commission in Hong Kong for USS Guardian and USS Patriot to visit Hong Kong so as to avoid a storm would have had the two minesweepers entering Hong Kong Harbor at just about the same time as the Kitty Hawk CSG. The Kitty Hawk and minesweeper refusals were delivered by the PRC MFA Commission in Hong Kong within three hours of each other on November 21.)

HU'S REVERSAL DRIVEN BY MFA RECOMMENDATION

¶11. (C) The original decision to deny the Kitty Hawk port visit request was based on a CMC consensus, so the subsequent reversal of that decision must have been made by President Hu Jintao, according to Yuan Peng (protect), Research Professor at the Ministry of State Security-affiliated China Institutes of Contemporary International Relations (CICIR). "No other CMC member could make such a decision alone," Yuan told PolOff. Yuan further elaborated that only when faced with situations requiring immediate action can President Hu make such decisions in the absence of consensus. Beijing University's Niu said the reversal, like the original decision, would have been driven and informed by one or several written reports. As it is unlikely the PLA submitted a report to overturn a decision made by its own most senior leaders, and since the Deputy Secretary, Department of Defense and the U.S. Embassy's protests of the port call

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refusal entered the PRC Government through the MFA, it was probably the MFA that wrote the report, Niu said. SIIS's Xue noted the MFA must have had a "strong argument and strong evidence" to reverse the CMC decision, opining that China's public justification for the reversal being "humanitarian reasons" was probably part of the MFA report to Hu. Because an immediate decision was required, the report probably passed through State Councilor for Foreign Affairs Tang Jiaxuan directly to President Hu. (Comment: Given the formalized process needed to generate Ministry consensus for such reports and the fact that FM Yang Jiechi was busy with his visit to the United States, VFM Zhang Yesui's comment to the DCM (reftel) that he had "worked all night" on the issue appears plausible.)

BAD DECISION MAKING II: REVERSAL HANDLED POORLY

¶12. (C) SIIS's Xue said that since there are almost no mechanisms for inter-ministry coordination, the PLA was caught just as off-guard by the reversal of the port visit refusal as MFA had been by the initial decision. The reversal was very unpopular in the PLA, but there was not adequate time to write a dissenting report. FM Yang's statement to President Bush on November 28 in Washington that the port visit refusal had been a "misunderstanding" makes sense in the context of MFA's efforts to reverse the poorly informed initial decision, Xue asserted. By that point, however, the CMC's anger over the weapons sale had been compounded by the reversal of their initial refusal, which in turn was exacerbated by the subsequent Kitty Hawk CSG transit of the Taiwan Strait, which "caused a backlash within the PLA," Xue said. Claiming the 1996 Taiwan Strait crisis angered the PLA so much that 100 flag officers had signed a letter to the Government arguing the PRC "should not allow a U.S. CSG into the Taiwan Strait again," Xue said the PLA probably was behind the Foreign Ministry spokesman's retraction of FM Yang's "misunderstanding" statement the next day, November 29, because the PLA "did not want to lose more face." (Note: The MFA spokesman cited U.S. actions that had "disturbed and harmed" the bilateral relationship.) Beijing University's Zhu Feng also emphasized to PolOff that the reversal of the port visit request "made President Hu look bad: indecisive and sheepish." Zhu said that President Hu is "taking a lot of heat" for that decision.

PRC CRISIS DECISION MAKING IMPROVING?

¶13. (C) Although none of the academics PolOff interviewed praised PRC handling of the Kitty Hawk port visit refusal, most agreed that PRC crisis management procedures are improving. CICIR's Yuan Peng said, "We learned from the EP-3 incident and handled the Kitty Hawk better than we otherwise would have." SIIS's Xue compared the Kitty Hawk refusal to the 1998 Chinese Embassy bombing in Belgrade, quipping, "That took us 11 days just to figure out what 'sorry' meant." CIIS's Li Genxin separately agreed, noting, "The EP-3 and ASAT issues took days just to understand what was going on. We are better at crisis management now, and it showed with the Kitty Hawk." Beijing University's Niu Jun did not agree. Though admitting the decision making system has become more consensus-driven, Niu nevertheless contends that high-level decision making, especially in crises, always reverts to the "usual dynamics" of tight information control and poor inter-ministerial coordination, which is based in part on the relationship between the Party and the PLA. "China always does things the 'old way' during a crisis," Niu said, adding, "Just look at the information control going on with the Tibet-related unrest right now." PICCUTA